

Name of meeting: Cabinet
Date: 7 February 2017

Title of report: Ashbrow Housing Site

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes The spending on this site will be in excess of £250,000
Key Decision - Is it in the council's Forward Plan? (Key Decisions and Private Reports)	Key Decision - Yes Private Report/Private Appendix - Yes
The decision - is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Director</u> & name Is it signed off by the Assistant Director - Financial Management, Risk, IT & Performance? Is it also signed off by the Assistant Director - Legal, Governance & Monitoring? <input type="checkbox"/>	Jacqui Gedman - 26.01.17 Debbie Hogg - 26.01.17 Julie Muscroft - 27.01.17
Cabinet member portfolio	Cllr N Mather - Housing and Enforcement Management Cllr G Turner - Asset Strategy, Resources and Creative Kirklees (Arts)

Electoral [wards](#) affected: Ashbrow

Ward councillors consulted: Cllr Calvert, Cllr A. Pinnock, and Cllr Homewood

Status of Report: Public with Private Appendix 3

Paragraph 3 of part 1 to schedule 12A of the Local Government Act 1972 as amended by the Local Government (access to Information) variation order 2006 contains information regards the financial or business affairs of any person including the Council. It is not in the public interest to disclose the information in the private appendix as disclosure could adversely affect the overall value for money and compromise the confidentiality of the bidders and the council .The public interest in maintaining the exemption outweighs the public interest in disclosure of the information in terms of accountability, transparency in spending public money and openness in council decision making.

1.0 Purpose of report

The purpose of this report is to provide cabinet with a progress update on the Ashbrow Housing Site and make recommendations about the appointment of a development partner.

2.0 Summary

- 2.1 The Ashbrow site is key site for housing delivery as part of the Council's programme of work to address the growing housing crisis in Kirklees. In February 2016, tender documents were issued seeking a development partner to construct a Council Extra Care scheme and open market housing for sale on the site. Two Tenders were returned on 31st August 2016 and an in depth evaluation against predetermined award criteria (50% quality criteria and 50% financial criteria) has been undertaken by a team of officers to identify the most economically advantageous tender.
- 2.2 This report seeks approval from Cabinet to:
- Approve the appointment of a preferred bidder for the Ashbrow Housing scheme (details of the evaluation and the proposed preferred bidder are set out in the private appendix to this report).
 - Delegate authority to the Assistant Director (Legal, Governance, and Monitoring) to finalise and enter in to all appropriate contracts, deeds, and documents in relation to the appointment of a preferred bidder in consultation with the Assistant Directors (Place);
- 2.3 Note that a further report to Cabinet will be made before finalisation and entering into the contract with the preferred bidder.

3.0 Information required to take a decision

Background

- 3.1 In November 2014, a motion submitted to Council, noted that "this Council recognises that there is a growing housing crisis in Kirklees. There is a lack of good quality, energy efficient and affordable homes across all tenures to meet the varied needs of local people. Secure, warm and affordable homes are the greatest determinant of the health and wellbeing of our communities, which is rightly a clear and stated priority of this Council".
- 3.2 In November 2015, a report was brought to Cabinet detailing the progress being made on housing delivery projects across the district. This included the Ashbrow site as a key site for housing delivery.
- 3.3 The council-owned site is adjacent to Ashbrow Road, approximately 3 miles from Huddersfield Town centre. This greenfield site was previously used by the former Huddersfield Technical College, for the provision of agricultural and horticultural courses. The site is 4.5 hectares, the majority of the site is allocated for housing in the UDP. A plan of the site, and aerial photo, are appended as appendices 1a and 1b. In May 2015 outline planning permission was granted for residential development of the site.

Vision for the site

- 3.4 The overall vision for the site was developed through discussions with elected members, senior managers and discussions between the various services involved. The initial vision was then informed by soft market testing as a desk top exercise with all 25 members of the procurement framework being invited to participate (see 3.7 below for more detail on this framework).

- 3.5 As a result of this work the overall vision for development of the Ashbrow site was stated in the tender documents to be “to create a desirable and sustainable high quality mixed tenure housing development of about 180 new homes to meet local housing needs, and which will include open market homes for sale and Affordable Homes. The Affordable Homes on the site will include a Council Extra Care scheme” (see paragraph 3.11 for further details).
- 3.6 This overall vision reflects the Council’s Housing Strategy, and will contribute to delivering two of the Strategy’s three priorities – a range of products to support housing growth and a longer term supply of affordable housing, and meeting the housing needs of the most vulnerable groups.
- 3.7 Specifically, the inclusion of an Extra Care scheme on the Ashbrow site responds to the Strategy’s identified need for housing a growing population of older people and the need for specialist accommodation, including housing with support, to respond to this. The proposals for the site also give priority to affordable homes, which the Housing Strategy identifies as an area for particular focus due to local economic factors, barriers to housing and lower national priority being given to homes which are within the affordable sector. Furthermore, development of the site will also support the role good housing plays in supporting residents to achieve a good quality of life and in supporting Kirklees’s ambitions for growth.

Procurement and Evaluation Process

- 3.8 To realise the vision for the site, a delivery partner is required to design and construct the open market homes, the Council Extra Care scheme and any additional Affordable Homes for rent.
- 3.9 The Council used the Homes and Communities Agency (HCA) Delivery Partner Panel 2 (DPP2) framework to conduct the procurement. This is a framework panel of prequalified housing developers procured by the HCA using an OJEU compliant process. It offers an OJEU compliant procurement route by which certain public sector organisations can appoint a developer (via a mini competition process prescribed in the framework agreement). Officers have followed the DPP2 process, inviting initial Expressions of Interest from all 25 members of the northern lot of the procurement framework. This was followed by the issue of a sifting brief setting out the delivery requirements and then a Sifting Stage to evaluate responses to the sifting brief, and finally issuing detailed tender documents in February 2016 to 5 bidders. The closing date was 31st August 2016, and two companies returned a response.
- 3.10 A detailed evaluation of bidder’s proposals commenced in early September 2016 and was completed in January 2017. Further detail on the evaluation process and the recommended outcome are set out in the private appendix to this report.
- 3.11 The bids were evaluated 50% on quality criteria and 50% on financial criteria. The quality criteria comprised of the following, weighted as indicated:

Quality Criteria (50% in total)	Weighting
Overall approach to design and construction approach (including planning and highways considerations)	15%
Approach to Extra Care Design	15%
Phasing and Programming	8%
Social Environmental and Economic Benefits	7%

Health and Safety	5%
Financial Criteria (50% in total)	Weighting
Cost of the Council Extra Care Scheme	40%
Affordable Homes over and above the 30% planning policy requirement	10%

Timescales

- 3.12 It is anticipated that key activity on the project will take place to the following timescales. This will, however, be confirmed once a preferred bidder is appointed and more detailed discussion can take place with them:

7th February 2017	Cabinet decision
Mid February 2017	Issue of standstill letters to bidders
End of February 2017	Standstill period ends
March - May 2017	Preparation of contract documents, Cabinet report
Summer 2017	Planning application preparation, public consultation
Autumn 2017	Planning decision
Autumn/winter 2017	Start on site

Expected Impact, Outcomes, Benefits and Risks

Impact, outcomes and benefits

- 3.13 The development of the Ashbrow site will help to address the housing crisis in Kirklees, as considered by Cabinet in November 2015. There is a need for 1730 new homes a year across the district. Of these, 1,049 need to be affordable homes. The preferred bidder's proposal (detailed in the private appendix) will deliver a significant number of new homes, including affordable homes.
- 3.14 The project will deliver the construction of a Council Extra Care scheme enabling older people to live independently for longer, in their own home and to maintain a good quality of life.

Extra Care housing schemes can help to reduce social isolation, which we know is contributing to an increase in depression amongst many elders. Extra Care schemes are designed to be a community 'hub', which will help residents to feel part of the wider community.

As well as enabling older people to remain in their own home, within a supported environment, this provision is a real and more appropriate alternative to residential care. Extra Care may also help to prevent people going into hospital or being kept in hospital, due to the presence of an on-site Care team. The emphasis of Extra Care schemes is one of prevention rather than cure.

For many vulnerable older people, choosing to live in specifically designed housing, rather than residential care, is an important element of retaining independence and dignity in older age.

- 3.15 The scheme is also expected to reduce care costs for the Council. When compared to the average cost of a place within a residential home, the delivery of the Extra Care scheme could potentially generate savings, for the Council, of around £226,800 per year. This is an approximate figure. The actual savings would be very much dependant on individual client need and circumstance.
- 3.16 The development will deliver a good quality of market housing which balances the need for high design quality with the commercial considerations of development partners. For example, the Council's brief for the Ashbrow site asked bidders to consider design standards relating to the size of the homes, the need for homes to meet people's needs through their lives, and security.
- 3.17 The Council's brief also has requirements relating to green infrastructure, such as tree planting and footpath networks, and asked bidders to consider design to reduce the environmental impact of dwelling and minimise energy consumption.
- 3.18 In addition to the creation of housing, the development of the site will also bring other social and economic benefits to the district, for example job creation, including apprenticeships and wider benefits to the local economy and local supply chains.

Risks

- 3.19 All procurement processes are subject to the risk of a legal challenge, either in the form of a procurement challenge, or a judicial review. The HCA is an OJEU compliant process, and the council has followed the terms and conditions of the DPP2 HCA framework. The Council has conducted a robust evaluation process supported with external legal advice at appropriate stages, and this should mitigate the risk to legal challenge. However, there is always a risk that if a legal challenge did occur this would impact on overall timescales for delivery.
- 3.20 There is some risk for the Council in partnering with a third party to deliver an Extra Care scheme and delivery of market and affordable housing, in that the third party may during the course of the contract experience a change of circumstances e.g. financial difficulties and be unable to complete the scheme. However, this risk will be mitigated through the legal documents, which will allow for the Council to step in and complete the Extra Care scheme if necessary, and through the wider contractual documentation which will seek to minimise the risk to the Council, for example, by disposing of the site to the development partner in phases. The detail of the contract, when agreed, will be the subject of a future report to Cabinet.
- 3.21 The tender prices are valid for a minimum of six months from the end of August 2016. The preferred bidder may therefore wish to revisit their costs at the beginning of March if the Council were not in a position to issue a decision by the end of February. If Cabinet were not able to take a decision about the appointment of a preferred bidder on 7th February, this would represent a risk to the project.
- 3.22 There is currently uncertainty at a national level regarding the funding of rents and services charges for tenants of supported accommodation such as Extra Care post 2019/20. Government's intention from 2019/20 is that core rent and service charges will be funded through Housing Benefit or Universal Credit up to the level of the applicable Local Housing Allowance rate. For costs above the level of the LHA rate, Government will devolve an amount of funding for disbursement locally. It is not yet clear if this additional proposed 'top up' funding for all providers of supported housing will be sufficient. This may mean that the

level of funding available to support the provision of for example extra care makes schemes unviable and or unaffordable for tenants. A Council wide approach would need to be agreed when national changes were confirmed and implemented. However, there is a risk if there were substantial changes to funding that the Extra Care scheme would have to close and the property be considered for housing others, for example a retirement living scheme (i.e. without care included) or to general needs housing.

4.0 Implications for the council

a) Legal

As per paragraph 3.19 above, there is a risk of legal challenge with any procurement processes. This has been mitigated by undertaking a robust evaluation and securing external legal advice from Bevan Brittan where appropriate.

Assuming Cabinet agree to the appointment of the recommended preferred bidder, there will be a “standstill” period of ten days during which a contract cannot be entered in to. This is a requirement of the DPP2 framework.

Following expiry of the standstill period, the Council will begin discussion with the preferred bidder on the detail of the contract documentation in accordance with the terms and conditions of the HCA DPP2 Framework. It is anticipated that finalising the contractual documentation will take around three months. This will include a development agreement and build contract for the Extra Care scheme. The detail of the contract with the preferred bidder, and as part of this the issue of disposal of the land, will be the subject of a future report to Cabinet.

Social Value issues have been considered. The tender documents state that the Council’s ambitions for the Ashbrow scheme include contributing to the social, environmental and economic benefit for the Kirklees area. The social, environmental and economic benefits of bidder’s proposals formed part of the evaluation (see 3.11 above).

Public Sector Equality Duty - Public sector acquiring authorities are bound by the Public Sector Equality Duty set out in section 149 of the Equality Act 2010. This requires the Council to have regard to the effect of the proposed development on any differential impacts on groups with protected characteristics. The protected characteristics being race, disability and gender and also covers sexual orientation, age, religion or belief, marriage and civil partnership, pregnancy and maternity and gender reassignment. A Stage 1 Equality Impact Assessment (Screening Tool) has been completed to assess the likely impact on equality groups. This is included as appendix 2 and members are asked to read this before making a decision. This indicated that the proposal is likely to have little or no impact on groups. No further equalities impact assessments are therefore required.

b) Finance

The Housing Revenue Account (HRA) Strategic Capital Plan 2016/17 – 2020/21 outlined a number of strategic priorities including new build scheme proposals which would be subject to more detailed reports to be considered by Cabinet. The Ashbrow Extra Care scheme is identified in the HRA Strategic Capital Plan approved by Cabinet on 2nd February 2016 and Council on 17th February 2016.

The Council will provide the funding for the construction of the Council Extra Care scheme. The Council's budget for the Extra Care Scheme is £6.5m to £7.5m, which is based on the construction costs for similar Extra Care schemes.

The site investigations undertaken during the procurement process totalled £25,239 and were temporarily funded by the Council and the cost will be recovered from the preferred bidder.

The Council has accessed Local Growth Funding, to implement highways improvements work to the site in advance of a preferred bidder being appointed. The use of this funding was approved by Cabinet on 20th October 2015. The costs of the highway works will be apportioned between the Council and the preferred bidder in proportion to the amount of Council (Extra Care) housing and market housing within the scheme.

As a result of development, the council might receive New Homes Bonus, in which the government currently matches the council tax earned by local authorities from each new home built over a six-year period. However, in December 2016 the Department for Communities and Local Government (DCLG) indicated that it will revisit the case for withholding the bonus from areas "not delivering on housing growth from 2018/19." DCLG confirmed that from next year it will introduce a national baseline for housing growth of 0.4%. Below this, the New Homes Bonus will not be paid. DCLG also confirmed that there will be a reduction in the number of years in which payments are made: from six years to five years in 2017/18, and for four years from 2018/19.

5.0 Consultees and their opinions

Cllr Naheed Mather was briefed on 12th January 2017 and was supportive of the scheme. Her recommendation is included in 8.0 below.

Ward Councillors have been periodically consulted and informed in relation to the highways consultations and improvements, the submission of the outline planning application, the Public Open Space disposal notice, accompanied visits to and pre-commencement activities on the site and issues in relation to the current parking arrangements.

Cllr Peter McBride has been briefed and was supportive of the scheme.

6.0 Next steps

Subject to Cabinet approval of the recommendations in 7.0 below, the next steps would be:

- to issue letters to both bidders, as required by the DPP2 framework, advising them of the outcome of the evaluation and Cabinet process
- commence discussions with the preferred bidder about the detail of the contractual documents, and complete these documents
- Bring a further report to Cabinet detailing the contract terms and the position in relation to disposal of the land.

7.0 Officer recommendations and reasons

7.1 Cabinet give their approval to progress with the Ashbrow housing scheme

7.2 Cabinet approve the appointment of the preferred bidder as set out in the Private Appendix 3 to this report.

- 7.3 Subject to para 7.5 below Cabinet delegate authority to the Assistant Director (Legal, Governance, and Monitoring) to finalise and enter in to all appropriate contracts, deeds, and documents in relation to the appointment of the preferred bidder in consultation with the Assistant Directors (Place);
- 7.4 Cabinet note that the Extra Care scheme will be funded through the Housing Revenue Account Strategic Capital Plan and that the expenditure was previously approved by Cabinet on 2nd February 2016 and Council on 17th February 2016.
- 7.5 Note that a further report to Cabinet be submitted setting out the finalised terms of the contract with the preferred Bidder before signature.
- 7.6 The reason for these recommendations is that, as set out in 3.6 and 3.7 above, the Ashbrow site will contribute to the delivery of the Council's housing strategy, specifically in relation to providing a range of products to support housing growth and a long term supply of affordable housing, and meeting the housing needs of the most vulnerable groups.

8.0 Portfolio holders' recommendation

Cllr Naheed Mather was briefed on 12th January 2017 and fully supports the recommendations set out in section 7. Cllr Mather said "I am excited about the delivery of new housing at Ashbrow. The development will create a much needed range of different housing types for a variety of people, including older people and those in need of an affordable home for rent. It will help to meet housing need in this area of Kirklees".

9.0 Contact officers and relevant papers

Liz Jefferson, Regeneration Group Leader
Investment & Regeneration
Telephone: 01484 221000
Email: liz.jefferson@kirklees.gov.uk

Adele Buckley, Head of Economic Delivery;
Investment and Regeneration
Telephone: 01484 221000
Email: adele.buckley@kirklees.gov.uk

10.0 Assistant directors responsible

Paul Kemp - Assistant Director - Place
Tel: 01484221000
Email: paul.kemp@kirklees.gov.uk

11.0 Appendices

Site plan - Appendix 1a
Aerial site photo - Appendix 1b

Equality Impact Assessment Tool - Appendix 2

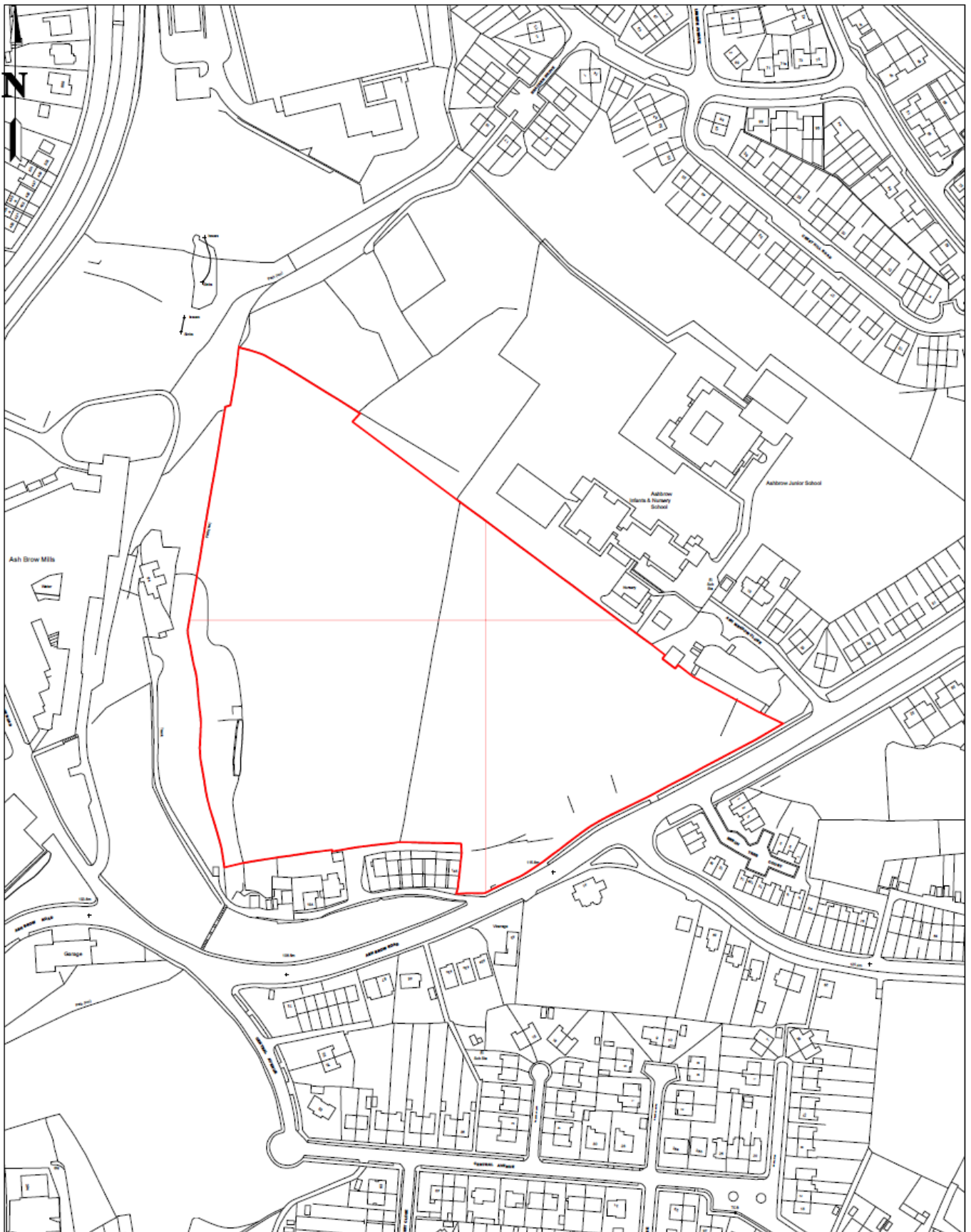
Private Appendix - Appendix 3

12.0 Background papers

November 2015 Cabinet report:

<http://democracy.kirklees.gov.uk/documents/g218/Public%20reports%20pack%2017th-Nov-2015%2016.00%20Cabinet.pdf?T=10>

Appendix 1a - Site Plan



**PHYSICAL RESOURCES
& PROCUREMENT**

Plan No: 11-0095c
Scale: 2500
Required by:

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Appendix 1b – Aerial view of site



EQUALITY SCREENING TOOL

This screening tool has been developed to assist you to make an initial assessment on the priority you may give to a proposal about, or review of a service, function, or policy in your area. It acts to indicate the likely impact this proposal could have on groups of people. Multiple proposals, or alternate options, can be run individually through this tool. It should be completed by someone who has knowledge of both the issue and the employees who will be carrying out the work. **[If you feel that there is likely to be a high impact then you can go straight to Stage 2 Document (Ensuring Legal Compliance)]**

LEVEL OF IMPACT Is an indication of the likely impact your proposal could have upon communities &/or employees.

GREEN = low; YELLOW = medium rising to - AMBER = high medium; RED = High;

RISK This is an indication of the chance of not being able to mount a successful defence if challenged.

GREEN =low; YELLOW = medium; AMBER = high medium; RED = High;

NB There is always a risk of challenge. A lack of evidence leads to a high score.

Directorate:
Place
Lead Officer:
Liz Jefferson
Officers responsible for Assessment:
Liz Jefferson

Service:
Investment and Regeneration
Service Area:
Economic Delivery
Date of Review:
24th January 2017

Impact Scores (max = 100)

30 and below - your proposal is likely to have little if any impact.

31 - 40 An EIA could be considered

41 - 54 your proposal is likely to have a **wide impact**. An EIA is advised

55 and above An EIA is **STRONGLY** advised



RISK (see above)

Irrespective of the impact score; **IF risk background is GREEN less than 30%** then there is **likely** to be sufficient evidence demonstrate that **DUE REGARD** has been taken.

LEVEL OF IMPACT	RISK (%)
5	3

QUESTION No.	WHAT IS YOUR PROPOSAL?	type y or n	Comments (please explain your answer)
1	To withdraw a service, activity or presence	n	The proposal relates to the development of a housing site in Huddersfield. The site is allocated in the UDP for housing development. The proposal does not relate to the provision or withdrawal of a service, or charging for a service.
2	To reduce a a service, activity or presence	n	
3	To introduce or increase a charge for Service	n	
4	To change to a commissioned service	n	
5	To introduce, review or change a policy or procedure	n	
6	To introduce a new service or activity	n	
7	Is this about improving access to, or delivery of a service.	n	
8	Will you require supporting evidence on this issue	n	
WHO WILL IT AFFECT?			
9	Does this affect Employees? If YES please list	n	The proposal does not affect employees. It affects Ashbrow ward in that development will take place there, but there are potential wider benefits in homes being available in that area, not just to people in Ashbrow ward
10	Does this affect a <u>Single Ward or Locality ONLY</u>	y	
11	Does this affect most of Kirklees or its Residents	n	
12	Does this issue concern ANY Protected Characteristic Group.	n	
13	Can you foresee a negative impact on any Protected Characteristic Group(s)? If YES please state what these could be.	n	
14	If IMPACT at this stage is less than 15 answer Y to this question	y	IF YOU CAN ANSWER YES HERE THEN DO NOT ANSWER ANY FURTHER QUESTIONS

TAKING DUE REGARD		
Where consultation was needed:		
15	Have you got any general intelligence (research, consultation, etc.)? If YES please list any related documents.	
16	Have you got any specific intelligence (research, consultation, etc.)? If YES please list any related documents.	
17	Have you taken specialist advice? (Legal, E&D Team, etc). If YES please state.	
18	Have You considered your Public Sector Equality Duty? Please provide a rationale	
19	Can the Public access a "Decision Report"? If YES state where and how it can be accessed.	
20	Can you mitigate any negative effect? Please state how	
21	Do you have any supporting evidence? If YES please list the documents	
22	Have you published your information? If YES state where.	

	<p>ONLY IF your proposal is likely to have little or no impact upon groups and you are confident that you have evidence to support your proposal and this document. (RISK less than 30% [GREEN])</p> <ol style="list-style-type: none"> 1) Save this scoresheet; 2) Complete and save a 'Front Sheet'; 3) Make sure you have gathered any supporting evidence documents and they are listed above 4) SEND Electronic copies of this tool and a front sheet to equalityanddiversity@kirklees.gov.uk
	<p>IF your proposal is likely to have medium or above impact upon groups AND you are not confident that you have evidence to support your proposal and this document. (RISK greater than 30% [yellow, amber, red])</p> <ol style="list-style-type: none"> 1) Save this scoresheet; 2) Proceed to Stage 2 document (Ensuring Legal Compliance)